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ATTORNEYS AT LAW

October 21, 2002

Mr. Eric N. Einhorn, Acting Division Chief
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Re: *CC Dockets No. 96-45, 98-171, 90-571, 92-237, 99-200,
95-116, 98-170, and NSD File No. L-00-72*

Dear Mr. Einhorn:

On behalf of the Coalition for Sustainable Universal Service ("CoSUS"), comprised of the e-Commerce Telecommunications Users Group ("e-TUG"), Level 3 and WorldCom, I am responding to assertions that SBC and BellSouth made about the levels of per "connection" assessments in their ex parte filing of October 10, 2002.¹ SBC and BellSouth's calculations of these assessment levels under their original plan, their modified plan, the CoSUS plan and their proposed variations of the CoSUS plan are all plainly erroneous. In particular, SBC and BellSouth used a projected universal service fund size of \$5.4 billion, when the fund already exceeds \$6.35 billion on an annualized basis (using 4Q2002 fund size). In addition, they also freeze the non-paging wireless connections at 128 million, when these are continuing to grow. According to CTIA, there are currently over 137 million wireless connections, and that number will continue to grow.

The impact of the use of the erroneous fund size alone is substantial. Simply recalculating SBC and BellSouth's runs with an anticipated fund size of \$6.4 billion shows that under the SBC/BellSouth original proposal, USF assessment would be \$0.69 per QSC. Under their modified proposal, USF assessment would be \$0.52 per QSC, not \$0.43 as SBC and BellSouth claim. Under their modified proposal without including broadband and ISPs, the USF assessment would be \$0.58 per QSC, not \$0.48 as SBC and BellSouth claim.

¹ Letter of Jamie M. (Mike) Tan, SBC, to Ms. Marlene Dortch, FCC, dated October 10, 2002, CC Dockets No. 96-45, 98-171, 90-571, 92-237, 99-200, 96-116, 98-170, 02-33, 95-20, 98-10 and NSD File No. L-00-72.

For the Commission's benefit, attached are various versions of the SBC/BellSouth runs. Runs 1 through 6 are the SBC/BellSouth runs using the inputs they use, including the \$5.4 billion projection of USF size, and the same formulas. We have included these simply to verify the baseline. Run 3 as filed by SBC/BellSouth apparently had arithmetic errors that we have corrected.

Runs 1' through 6' adjust Runs 1 through 6 by using a universal service fund size of \$6.4 billion. In addition, Run 4' calculates the CoSUS per connection assessment using SBC/BellSouth's inputs, but using the methodology outline in CoSUS' October 10, 2002 ex parte, with residential lines receiving an assessment of one third of a multiline business line.

Runs 1'' through 6'' are the same as Runs 1' through 6' but use a wireless connection count of 157 million, which is consistent with the estimates in the CoSUS September 26, 2002 ex parte.

Also attached are the updated back-up worksheets for CoSUS' estimates of the average household impact of various USF contribution mechanisms. These worksheets show that the CoSUS proposal results in lower USF assessments per household than the current revenue-based mechanism or any other connection-based proposals.

In accordance with FCC rules, a copy of this letter, with attachments, is being filed in each of the above-captioned dockets.

Sincerely,


John T. Nakahata
*Counsel to the Coalition for Sustainable
Universal Service*

JTN/krs
Attachments